

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2015-16		FY 2016-17	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		See Below		See Below
CASH FUNDS		See Below		See Below
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		See Below		See Below

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 330 amends or outright repeals several sections of the Nebraska Liquor Control Act.

Section 53-179 is outright repealed. This section places restrictions on the hours when alcoholic liquor, including beer, may be sold at retail or dispensed. An outright repeal would remove any restriction on such operating and dispensing hours allowing continuous around the clock sales and dispensing.

Section 9-647 is outright repealed. This section governs the hours when a lottery may be conducted. An outright repeal would remove any restriction on when a lottery may be conducted allowing such operation around the clock.

Section 53-123.17 is amended to remove the hourly time restriction on when an entertainment district may allow the sale of alcoholic liquor for consumption on the premises within the confines of a common area. It also removes the requirement that sales only occur when food service is available.

Fiscal Impact:

Removal of the restrictions on hours of operation would also have the effect of allowing round the clock keno. Estimating fiscal impact is dependent on determining the number of operations that would expand their hours and how many additional hours they would operate. Certainly there will be some licensees that will expand their hours of operation but not all, some may go twenty-four hours each day, while some may only add another hour of operations. We do assume there will be some increase in sales tax and gaming revenue but are unable to offer an estimate.

The Department of Revenue indicates that they are unable to estimate the increase to General Fund and Cash Fund revenues.

The State Patrol anticipates that repealing the above sections will result in increased alcohol violations and crimes associated with the use of alcohol (such as DUI's) and that additional law enforcement efforts will be necessary. A third shift will need to be manned with additional Troopers in its various troop areas. The Patrol estimates hiring an additional 9 Troopers and 3 Investigative Officers to carry out enforcement and liquor compliance checks during the additional hours of operation. The additional costs to the Patrol and fiscal impact to the General Fund are estimated at \$1,320,800 for FY2015-16. This includes salary, benefits, and operational costs.

We have no basis to disagree with the Patrol's estimate of fiscal impact.

Sections 53-103.01 and 53-103.02 are amended to redefine alcohol and alcoholic liquor to include the powdered form of alcohol.

New language is added to the Act to define hard cider and to include it under the definition of beer. Currently hard cider is classified as a wine. The effect of this change is to reduce the excise tax amount on hard cider from \$0.95 per gallon to \$0.31 per gallon.

Fiscal Impact:

The Liquor Control Commission reported 248,000 gallons of hard cider sold in 2014. This resulted in excise tax revenue of \$235,600. The Commission projects a similar level of sales in 2015. The resulting impact for FY15-16 would be a reduction in excise tax revenue of \$158,720.

New language is added to Sections 53-130 and 53-135 regarding the renewal of a license, to allow automatic renewal by the Liquor Control Commission without formal application upon payment of the renewal fee and license fee prior to or within thirty days after the expiration of the license. The change provide a longer window of opportunity for automatic renewal.

Section 53-167.02 and Section 53-167.03 are amended to change the reference from a beer keg to an alcohol keg. Using the term alcohol keg covers beer kegs, wine kegs, and cider kegs.

Section 53-133, regarding when the Commission shall hold a license application hearing on the location of a retail establishment within 150 feet of a church, is amended to require a written request by the church for a hearing.

Section 53-1,113 is amended to require the Commission to destroy alcoholic liquor which is unfit for human consumption, when directed by court order to do so. This refers to illegally manufactured or possessed alcohol that has been seized by law enforcement.

Section 18 of the bill provides legislative intent to appropriate \$102,000 to the Commission for personnel expenses.

Notwithstanding the provisions of Section 18, the other sections and provisions of the bill do not appear to require any additional operational or personnel costs for the Commission.

Please complete ALL (5) blanks in the first three lines.

2015

LB⁽¹⁾ 330

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

NEBRASKA LIQUOR CONTROL COMMISSION

Prepared by: ⁽³⁾

JERRY VAN ACKEREN

Date Prepared: ⁽⁴⁾

1/23/2015

Phone: ⁽⁵⁾

1-4892

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2015-16</u>		<u>FY 2016-17</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>0</u>	<u><\$158,720></u>	<u>0</u>	<u><\$158,720></u>
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>0</u>	<u><\$158,720></u>	<u>0</u>	<u><\$158,720></u>

Explanation of Estimate:

Estimated Financial Impact:

Number of Hard Cider Gallons Sold to Retailers

Calendar Year 2014

\$248,000

Current Tax Rate

.95

\$235,600

Projected Number of Hard Cider Gallons Sold 2015

\$248,000

Current Beer Tax Rate

.31

\$ 76,880

Estimated Negative Impact (2014)\$235,600

(2015)

\$ 76,880

Net Result

<\$158,720>

Notes: All other provisions of the LB appear to have no financial impact plus or minus.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16</u>	<u>2016-17</u>
	<u>15-16</u>	<u>16-17</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
			<u>0</u>	<u>0</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			<u>0</u>	<u>0</u>

Please complete ALL (5) blanks in the first three lines.

2015

LB⁽¹⁾ 330

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Nebraska State Patrol

Prepared by: ⁽³⁾ Carol Aversman

Date Prepared: ⁽⁴⁾ 1/22/2015

Phone: ⁽⁵⁾ 402-471-4545

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2015-16</u>		<u>FY 2016-17</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB 330 amends the provisions of the Liquor Control Act and results in the repeal of Section 53-179 which restricts the hours of operation. LB 330 will result in the elimination of any restrictions on the hours of operation for an establishment selling liquor. Accordingly, such establishments would be able to operate 24 hours a day. As such, additional alcohol violations and crimes associated with the use of alcohol (such as DUI's) are anticipated to occur and additional law enforcement efforts are anticipated as being necessary. The State Patrol estimates that a 3rd shift will need to be manned with additional Troopers in its various troop areas, resulting in the need for at least 9 additional Troopers, at a minimum. Additionally, the State Patrol estimates the need to hire at a minimum 3 additional Investigative Officers to carry out additional liquor compliance checks during those additional hours of operation. It is anticipated that additional compliance violations, such as the selling of alcohol to minors, will occur with the increase in hours of operations. It is also anticipated that there may be additional liquor licenses issued and an increase in the sale of alcohol as a result of the increase in hours of operations. This also has the potential of increasing the number of violations and the need for more compliance checks. The above noted additions to staff will result in additional costs to the Agency totaling a minimum of \$1,320,800. The cost provided includes the salaries, benefits, and costs needed to operate and maintain a vehicle, as well as the depreciated cost of a vehicle, radio and mobile data center for each officer and trooper.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16</u>	<u>2016-17</u>
	<u>15-16</u>	<u>16-17</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____